

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 16, 1995

SUBJECT: **SB 271 - HB 1311**

This bill, if enacted, will establish the Patient Protection and Utilization Review Act of 1995. This bill provides that no determination adverse to a patient or to any affected health care provider can be made without prior evaluation and concurrence in the adverse determination by a physician or a panel of other appropriately licensed health care providers. Payment cannot be denied for treatment rendered during a period when a review agent is not available. Requests for patient information is limited during the review process. Procedures developed by the review agency cannot interfere with the treatment process. Prior notification to the patient is required before a review agent is permitted to enter a treatment setting. There can be no financial incentive direct or indirect involving utilization review agents. Benefits must be paid from the onset of services through appeal.

The fiscal impact from enactment of this bill is estimated to be an increase in expenditures to the TennCare Program. The provisions of the bill are estimated to result in higher capitation rates to insure that sufficient providers remain in the TennCare Program. The amount of such increase cannot be reasonably determined but is estimated to exceed \$100,000 in the long run.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized initial "J".

James A. Davenport, Executive Director